

**SIOUX COUNTY, IOWA  
Independent Auditors' Report  
Financial Statements  
And  
Supplemental Information  
Schedule of Findings and Questioned Costs  
June 30, 2008**

# SIoux COUNTY, IOWA

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# SIoux COUNTY, IOWA

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## **SIOUX COUNTY, IOWA**

### **County Officials**

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Mark Sybesma	Board of Supervisors	January, 2009
Vern Beernink	Board of Supervisors	January, 2009
Dennis Wright	Board of Supervisors	January, 2011
Arlyn Kleinwolterink	Board of Supervisors	January, 2011
John Degen	Board of Supervisors	January, 2009
Lois Huitink	County Auditor	January, 2009
Randy Feenstra	County Treasurer	January, 2011
Anita Van Bruggen	County Recorder	January, 2011
Dan Altena	County Sheriff	January, 2009
Coleman McAllister	County Attorney	January, 2011
Ross Simmelink	County Assessor	January, 2009



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Phone (712) 546-7801  
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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Sioux County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of SIOUX COUNTY, IOWA (the County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County. Our responsibility is to express opinions on the financial statements based on our audit.

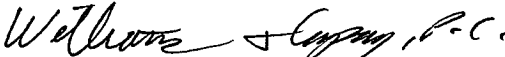
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Sioux County, Iowa as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2009 on our consideration of Sioux County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sioux County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County. The Combining non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
Certified Public Accountants

Le Mars, Iowa  
February 11, 2009

# SIoux COUNTY, IOWA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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SIoux COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDED JUNE 30, 2008. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

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### 2008 FINANCIAL HIGHLIGHTS

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- The assets of the County exceeded its liabilities at the close of FY08 by \$49,828,803 (net assets). Of this amount, \$13,814,855 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- Sioux County's total net assets increased by \$1,402,358 from FY07.
- As of the close of FY08, Sioux County governmental funds reported combined ending fund balances of \$22,495,975, an increase of \$6,352,251 in comparison with the prior year.
- At the end of FY08, unreserved fund balance for the general fund was \$4,017,125, or 53% of total general fund expenditures.

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### USING THIS ANNUAL REPORT

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The annual report consists of a series of financial statements as well as other requirements as follows:

**Management's Discussion and Analysis** introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a statement of net assets and a statement of activities. These provide information about the activities of Sioux County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Sioux County's operations in more detail than the government-wide statements by providing

information about the most significant funds. The remaining statements provide financial information about activities for which Sioux County acts solely as an agent or custodian for the benefit of those outside of the government.

**Notes to the Financial Statements** provide more detailed data and explain some of the information in the financial statements.

**Required Supplementary Information** further explains and supports the financial statements with a comparison of the County's budget for the year.

**Supplemental Information** provides detailed information about the non-major special revenue and the individual fiduciary funds.

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## REPORTING THE COUNTY AS A WHOLE

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### The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **statement of net assets** presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

### Fund Financial Statements

The **fund financial statements** provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.



The county has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a few.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

- 3) A proprietary fund accounts for the County's partial funding of health insurance deductibles, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The proprietary fund required financial statements include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net assets may serve over time as a useful indicator of financial position. Sioux County's net assets for FY08 totaled \$49,828,803. This compares to FY07 at \$48,426,445. The analysis that follows focuses on the components of net assets for the governmental activities.

#### Net Assets of Governmental Activities

	2008	2007
Current and other assets	\$ 30,947,701	\$ 24,391,193
Capital assets	40,805,349	41,051,326
Total Assets	\$ 71,753,050	\$ 65,442,519

Long-term liabilities outstanding	\$ 13,194,616	\$ 8,466,000
Other liabilities	8,729,631	8,549,815
Total liabilities	<u>21,924,247</u>	<u>17,016,074</u>
Net assets:		
Invested in capital assets, net of related debt	36,013,948	36,097,186
Unrestricted	13,814,855	12,329,259
Total net assets	<u>\$ 49,828,803</u>	<u>\$ 48,426,445</u>

The balance of unrestricted net assets (\$13,814,855) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the year, the County is able to report positive balances in both categories of net assets. The same situation held true for the prior fiscal year.

The County's net assets increased \$1,402,358 during the current year. This increase is attributable to the efficient operations of the activities of the County.

**Governmental Activities** – Governmental activities increased the County's net assets by \$1,402,358. Key elements of this increase are as follows:

<b>Changes in Net Assets of Governmental Activities</b>		
	<b>2008</b>	<b>2007</b>
Revenues:		
Program revenues:		
Charges for service and sales	\$ 1,972,615	\$ 1,852,536
Operating grants and contributions	7,183,380	6,511,981
Capital grants and contributions	242,273	2,898,768
General revenues:		
State Tax Credits	352,306	404,936
Local Option Sales Tax	1,290,773	1,157,239
Property tax	7,000,877	6,899,477
Interest and penalties on taxes	42,897	36,091
Unrestricted intergovernmental revenues	906	2,427
Unrestricted investment earnings	816,341	693,887
Gain on sale of assets	42,838	23,129
Miscellaneous	190,466	41,837
Total revenues	<b>19,135,672</b>	<b>20,522,308</b>
Program expenses:		
Public safety and legal services	3,382,199	3,326,271
Physical health and social services	1,800,043	1,620,743
Mental health	2,512,789	2,494,877
County environment and education	860,270	713,141
Roads and transportation	6,277,294	6,268,723
Government services to residents	799,485	777,275
Administration or general government	\$ 1,618,493	\$ 1,481,643

Non-Program Services	\$ 39,409	\$ 35,700
Interest on long-term debt	443,332	287,959
Total expenses	<b>17,733,314</b>	<b>17,006,332</b>
Increase in net assets	1,402,358	3,515,976
Net assets July 1	48,426,445	44,910,469
Net assets June 30	<b>\$ 49,828,803</b>	<b>\$ 48,426,445</b>

The following information was taken from the levy rates certified by the Iowa State Department of Revenue and Finance:

Sioux County decreased property tax rates by .12574 per thousand dollars of taxable valuation in FY08.

The Debt Service levy for the Public Safety Center was .40462 for FY08.

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#### INDIVIDUAL MAJOR FUND ANALYSIS

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As Sioux County completed the year, its governmental funds reported a combined fund balance of \$22,495,975.

The General Fund, as the operating fund of Sioux County, ended FY08 with a balance of \$4,017,125. The General Fund ending fund balance in FY07 was \$3,273,537. This represents an increase of \$743,588.

The MH/DD Fund ended FY08 with a balance of \$318,622. The ending fund balance for FY07 was \$277,521. This represents an increase of \$41,101. The MH/DD Fund is entirely determined by state mandated formulas. If state mandates continue to determine the amount of money that can be levied in this fund, cuts to types of services currently funded may be required.

The Rural Services Fund ended FY08 with a balance of \$2,003,366. The ending fund balance for FY07 was \$1,582,866. This represents an increase of \$420,500; which appears to be consistent with prior years.

The Secondary Road Fund ended FY08 with a balance of \$5,704,904. The ending fund balance for FY07 was \$5,310,309. This represents a increase of \$394,595. The increase in fund balance is due to the timing of projects.

The Debt Service Fund ended FY08 with a balance of \$3,640,941. The ending fund balance for FY07 was \$3,629,213. This represents an increase of \$11,728.

The Urban Renewal Capital Project Fund ended FY08 with a balance of \$4,820,086. This was a new fund added in FY08; therefore, there was no previous balance. The Urban Renewal Capital Project Fund is used to account for accumulation of resources for construction on the Urban Renewal District 1 Project Area.

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## CAPITAL ASSETS AND DEBT ADMINISTRATION

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### Capital Assets

At the end of FY08, Sioux County had \$40,805,349 invested in capital assets.

Capital Assets of Governmental Activities at Year End		
	2008	2007
Land	\$ 1,724,902	\$ 1,044,542
Buildings and improvements	9,728,204	9,645,086
Equipment	11,301,905	11,250,461
Infrastructure	45,876,881	44,803,364
Construction in Progress	322,877	144,066
Totals	<u>\$ 68,954,769</u>	<u>\$ 66,875,519</u>

The County had depreciation expense of \$2,635,314 for the year ended June 30, 2008 and total accumulated depreciation at June 30, 2008 of \$28,149,420. Additional information on the County's capital assets can be found in Note 6 of the financial statements.

### Debt

Sioux County is assigned an **A1** rating from Moody's Rating Committee for its General Obligation Bonds.

At the end of FY08 Sioux County had bonded indebtedness of \$13,345,000. The bonded indebtedness at the end of FY07 was \$8,595,000. General obligation debt relates to the issuance of general obligation bonds for the Public Safety Center construction and Urban Renewal District 1 Project Area project, including road improvements. Additional information on the County's long term debt can be found in note 6 of the financial statements.

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## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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Sioux County's elected and appointed officials and citizens considered many factors when setting the FY09 budget, tax rates, and fees that finance the various County services. Tax rates decreased slightly for FY09.

The General Fund cash balance ended FY08 with \$604,955 more than the FY07 ending balance. (The County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis.)

Many factors were taken into account when adopting the budget for fiscal year 2009. Amounts appropriated in the General Fund are approximately \$8,258,929. Amounts

appropriated in Special Revenue Funds are approximately \$12,562,511. Debt Service appropriations will be \$531,968.

If these estimates are realized, Sioux County's General Fund balance is expected to remain about the same as at FY08 year-end. The Rural Fund balance is expected to rise slightly from the previous year.

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**CONTACTING THE COUNTY'S FINANCIAL MANAGER**

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This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Sioux County finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Lois Huitink  
Sioux County Auditor  
210 Central Avenue SW  
Orange City, Iowa 51041  
(712) 737-2216**

**SIOUX COUNTY BOARD OF SUPERVISORS:**

**Mark Sybesma   Al Bloemendaal   Dennis Wright   Arlyn Kleinwolterink   John Degen**

**SIoux COUNTY, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 16,522,478
Receivables:	
Property Tax	18,840
Future Property Tax	7,189,499
Accrued Interest	80,535
Accounts	34,549
Notes	606,961
Due from Other Governmental Agencies	888,863
Deferred Charges	95,852
Inventories	1,742,767
Prepaid Expenses	178,222
Restricted Assets:	
Cash and Cash Equivalents	212
Investments	3,588,923
Land	1,724,902
Construction in Progress	322,877
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	38,757,570
Total Assets	<u>71,753,050</u>
<b>LIABILITIES</b>	
Accounts Payable	694,501
Due to Other Governmental Agencies	64,008
Deferred Revenue - Future Property Tax	7,189,499
Accrued Interest Payable	123,437
Salaries and Benefits Payable	196,263
Long Term Liabilities	
Due within one year:	
General Obligation Bonds	275,000
Compensated Absences	186,923
Due in more than one year:	
General Obligation Bonds	13,070,000
Compensated Absences	124,616
Total Liabilities	<u>21,924,247</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	36,013,948
Unrestricted	13,814,855
Total Net Assets	<u>\$ 49,828,803</u>

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
<b>Charges for Services</b>		
<b>Primary Government:</b>		
Governmental Activities:		
Public safety and legal services	\$ 3,382,199	\$ 1,003,093
Physical health and social services	1,800,043	20,013
Mental health	2,512,789	8,035
County environment and education	860,270	59,795
Roads and transportation	6,277,294	122,616
Government services to Residents	799,485	627,185
Administration	1,618,493	40,511
Non-program services	39,409	91,367
Interest on long-term debt	443,332	
Total governmental activities	<u>\$ 17,733,314</u>	<u>\$ 1,972,615</u>

See Accompanying Notes to Financial Statements

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 50,000		\$ (2,329,106)
1,376,416		(403,614)
1,509,449		(995,305)
42,737		(757,738)
4,204,778	242,273	(1,707,627)
		(172,300)
		(1,577,982)
		51,958
		(443,332)
<u>\$ 7,183,380</u>	<u>\$ 242,273</u>	<u>(8,335,046)</u>

General Revenues:

Property taxes levied for:	
General purposes	6,543,882
Debt service	456,995
Interest and penalties on taxes	42,897
State tax credits	352,306
Local option sales tax	1,290,773
Unrestricted intergovernmental revenues	906
Unrestricted investment earnings	816,341
Gain on Sale of Assets	42,838
Miscellaneous	190,466
Total general revenues	<u>9,737,404</u>
Change in net assets	1,402,358
Net assets - beginning	48,426,445
Net assets - ending	<u>\$ 49,828,803</u>

See Accompanying Notes to Financial Statements



**SIOUX COUNTY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2008**

	General		Mental Health		Rural Services	
<b>Assets</b>						
Cash and Pooled Investments	\$	3,726,892	\$	655,653	\$	1,807,169
Receivables:						
Property Tax		17,670		642		257
Future Property Tax		3,902,694		1,021,242		1,564,578
Accrued Interest		73,448				
Accounts				14,214		
Notes						
Due from Other Governmental Agencies		379,832				203,302
Inventories						
Restricted Assets:						
Cash and Cash Equivalents						
Investments						
Prepaid Expenses		97,822				
Total Assets		8,198,358		1,691,751		3,575,306
<b>Liabilities and Equity</b>						
Liabilities:						
Accounts Payable		133,550		286,539		4,489
Due to Other Governmental Agencies		2,660		61,048		300
Deferred Revenue - Future Property Tax		3,902,694		1,021,242		1,564,578
Unearned Revenue		17,670		642		257
Salaries and Benefits Payable		124,659		3,658		2,316
Total Liabilities		4,181,233		1,373,129		1,571,940
Fund Balances:						
Reserved for Debt Service						
Reserved for Inventories						
Reserved for Prepaid Expenses		97,822				
Reserved for Long-term notes						
Unreserved for:						
General Fund		3,919,303				
Special Revenue Fund				318,622		2,003,366
Capital Project Fund						
Total Fund Balances		4,017,125		318,622		2,003,366
Total Liabilities and Equity	\$	8,198,358	\$	1,691,751	\$	3,575,306

See Accompanying Notes to Financial Statements

Secondary Roads	Debt Service	Urban Renewal Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 3,840,871	\$ 51,806	\$ 4,875,278	\$ 1,367,426	\$ 16,325,095
	271			18,840
	508,166		192,819	7,189,499
			7,087	80,535
20,335				34,549
			606,961	606,961
303,208			2,521	888,863
1,742,767				1,742,767
	212			212
	3,588,923			3,588,923
65,190			15,210	178,222
5,972,371	4,149,378	4,875,278	2,192,024	30,654,466
201,837		55,192	8,274	689,881
				64,008
	508,166		192,819	7,189,499
	271			18,840
65,630				196,263
267,467	508,437	55,192	201,093	8,158,491
	3,640,941			3,640,941
1,742,767				1,742,767
65,190			15,210	178,222
			606,961	606,961
				3,919,303
3,896,947			1,368,760	7,587,695
		4,820,086		4,820,086
5,704,904	3,640,941	9,640,172	1,990,931	27,316,061
\$ 5,972,371	\$ 4,149,378	\$ 9,695,364	\$ 2,192,024	\$ 35,474,552

See Accompanying Notes to Financial Statements

**SIOUX COUNTY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

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*Amounts reported for governmental activities in the statement of net assets are different because:*

Total Fund Balance - Governmental Funds (page 17)			\$ 22,495,975
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.			40,805,349
The internal service fund used by management to charge the costs of self-insured health is included in the statement of net assets.			192,763
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.			18,840
Accrued expenses from the balance sheet that require current financial resources for governmental activities.			(123,437)
Deferred charges related to bonds issued are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.			95,852
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
	General Obligation Bonds	\$ (13,345,000)	
	Compensated Absences	<u>(311,539)</u>	<u>(13,656,539)</u>
Total Net Assets - Governmental Activities (page 13)			<u><u>\$ 49,828,803</u></u>

**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

	General	Mental Health	Rural Services
Revenue:			
Property and other county taxes	\$ 3,955,561	\$ 976,314	\$ 2,739,458
Interest and penalties on taxes	42,897		
Intergovernmental	2,561,833	1,561,925	102,041
Licenses and permits			
Charges for services	688,809	8,035	24,121
Use of money and property	563,433		9,367
Miscellaneous	295,847	7,500	
Total Revenue	8,108,380	2,553,774	2,874,987
Expenditures:			
Current operating:			
Public safety and legal services	2,718,235		579,013
Physical health and social services	1,796,148		
Mental Health		2,512,673	
County environment and education	454,757		300,637
Roads and transportation	55,000		
Government services to residents	647,599		2,010
Administration	1,658,726		
Non-program services	34,327		
Capital projects			
Debt service:			
Principal			
Interest			
Total Expenditures	7,364,792	2,512,673	881,660
Excess (deficiency) of revenues over expenditures	743,588	41,101	1,993,327
Other financing sources (uses):			
Transfers in			
Transfers (out)			(1,572,827)
Issuance of Bonds			
Bond Premium			
Total other financing sources (uses)	-	-	(1,572,827)
Net Change in Fund Balances	743,588	41,101	420,500
Fund balances - beginning of year	3,273,537	277,521	1,582,866
Increase in Reserve for Inventory			
Fund balances - end of year	\$ 4,017,125	\$ 318,622	\$ 2,003,366

See Accompanying Notes to Financial Statements

Secondary Roads	Debt Service	Urban Renewal Capital Projects	Other Governmental Funds	Total Governmental Funds
	\$ 456,995		\$ 135,083	\$ 8,263,411
				42,897
\$ 4,204,778	22,121		36,968	8,489,666
8,620				8,620
			43,044	764,009
25,555	181,039	\$ 9,574	88,291	877,259
136,350			8,706	448,403
4,375,303	660,155	9,574	312,092	18,894,265
			2,423	3,299,671
				1,796,148
				2,512,673
			72,964	828,358
5,312,095				5,367,095
			4,133	653,742
				1,658,726
				34,327
773,679		139,135	171,270	1,084,084
	250,000			250,000
	398,427	67,500		465,927
6,085,774	648,427	206,635	250,790	17,950,751
(1,710,471)	11,728	(197,061)	61,302	943,514
1,713,476				1,713,476
			(140,649)	(1,713,476)
		5,000,000		5,000,000
		17,147		17,147
1,713,476	-	5,017,147	(140,649)	5,017,147
3,005	11,728	4,820,086	(79,347)	5,960,661
5,310,309	3,629,213	-	2,070,278	16,143,724
391,590				391,590
\$ 5,704,904	\$ 3,640,941	\$ 4,820,086	\$ 1,990,931	\$ 22,495,975

See Accompanying Notes to Financial Statements

**SIoux COUNTY, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

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*Amounts reported for governmental activities in the statement of activities are different because:*

Net change in fund balances - total governmental funds (page 20)	\$ 5,960,661
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 2,448,120	
Depreciation expense	<u>(2,635,314)</u>	(187,194)

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.	(58,783)
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Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, they are as follows:

Property tax	6,118
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The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities:	49,683
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Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets. The net revenue of the internal service fund is reported with governmental activities.	37,136
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Accrued interest expense that does not require current financial resources.	(38,461)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The amount by which proceeds exceeded payments in the current year is as follows:

Repayments of long-term debt	250,000	
Proceeds from issuance of long-term debt	<u>(5,000,000)</u>	(4,750,000)

Compensated Absences that do not require current financial resources.	(8,392)
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Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.	<u>391,590</u>
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Change in net assets of governmental activities (page 15)	<u><u>\$ 1,402,358</u></u>
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**SIOUX COUNTY, IOWA**  
**STATEMENT OF NET ASSETS**  
**Governmental Activities - Internal Service Fund**  
**JUNE 30, 2008**

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**ASSETS**

**Current Assets**

Cash and Pooled Investments

\$ 197,383

**Total Assets**

197,383

**LIABILITIES**

**Current Liabilities**

Accounts Payable

4,620

**Total Liabilities**

4,620

**NET ASSETS**

Unrestricted

\$ 192,763

**SIOUX COUNTY, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2008**

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<b>Operating revenues:</b>	
Reimbursements from operating funds	\$ 112,252
Reimbursement from employees	124
<b>Total operating revenue</b>	<u>112,376</u>
<b>Operating expenses:</b>	
Claims paid	71,936
Administrative fees	7,829
<b>Total operating expenses</b>	<u>79,765</u>
<b>Operating Income</b>	32,611
<b>Nonoperating income:</b>	
Interest on investments	<u>4,525</u>
<b>Net Income</b>	<u>37,136</u>
<b>Change in Net Assets</b>	37,136
<b>Net assets - beginning</b>	<u>155,627</u>
<b>Net assets - ending</b>	<u><u>\$ 192,763</u></u>



**SIOUX COUNTY, IOWA**  
**STATEMENT OF CASH FLOWS**  
**Governmental Activities - Internal Service Fund**  
**For the Year Ended June 30, 2008**

**Cash flows from operating activities:**

Cash received from employer/employee contributions	\$ 147,746
Cash payments for insurance premiums and services	<u>(82,238)</u>
<b>Net cash provided by operating activities</b>	<b>65,508</b>

**Cash flows from investing activities:**

Interest on investments	<u>4,525</u>
<b>Net increase in cash and cash equivalents</b>	<b>70,033</b>

Cash and pooled investments - beginning of year	<u>127,350</u>
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Cash and pooled investments - end of year	<u><u>\$ 197,383</u></u>
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**Reconciliation of operating income to net cash used in operating activities:**

Operating income	\$ 32,611
Change in assets and liabilities:	
Decrease in Accounts Receivable	14
Decrease in Due from Other Governments	35,356
(Decrease) in accounts payable	<u>(2,473)</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 65,508</u></u>

**SIOUX COUNTY, IOWA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**Agency Funds**  
**JUNE 30, 2008**

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**ASSETS**

Cash and Pooled Investments	\$	1,635,865
Receivables:		
Property Tax		18,797
Future Property Tax		29,532,249
Accounts		32,472
Assessments		70,059
Due from Other Governments		25,363
Total Assets		<u>31,314,805</u>

**LIABILITIES**

Accounts Payable		5,960
Due to Other Governments		31,256,401
Salaries and Benefits Payable		19,398
Compensated Absences		33,046
Total Liabilities	\$	<u>31,314,805</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sioux County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

The more significant accounting policies established in GAAP and used by the County are discussed below.

- A. Reporting Entity – For financial reporting purposes, Sioux County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sioux County Assessor's Conference Board, Sioux County Emergency Management Commission, Sioux County Public Safety Commission, the Sioux County Civil Service Commission, and Sioux County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County. The County Board of Supervisors also are members of the Sioux County Revolving Loan Fund. This fund is reported as a special revenue fund in these financial statements. Sioux County is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency.

- B. Basic Financial Statements – Government-Wide Statements – The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements contain only governmental activities. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County's internal service fund is classified as a primarily governmental type activity.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County. In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The County does not allocate indirect costs. Certain expenses of the County are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

- C. Basis of Presentation – Fund Accounting – The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The County electively added funds, as major funds, which had a specific county focus. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

- 1) General Fund - The general fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

3) Capital Project Fund

The Urban Renewal Capital Projects Fund is used to account for accumulation of resources for construction on the Urban Renewal District 1 Project Area.

4) Debt Service Fund

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector. The County reports the following proprietary fund:

Internal Service Fund – Accounts for the County's partial self-funded insurance plan for health insurance. The County's internal service fund is presented as a proprietary fund financial statement. The users of the internal services are the County's governmental activities therefore the financial statement of net assets is consolidated into the government-wide statement of net assets. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the County, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

- D. Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the government services to residents and the debt service functions.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

Type	Method
Certificates of Deposit	Cost
Federal Home Loan Mortgage Securities	Based upon quoted market prices
U.S. Treasury Notes	"
Iowa Public Agency Investment Trust	Fair value determined by current share prices

- G. Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

- H. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- I. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.
- J. Due to/from Other Governments – Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- K. Inventories – Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.
- L. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.
- M. Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- N. Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end as well as unspent grant proceeds.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

- O. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for buildings and structures and machinery and equipment and in excess of \$25,000 for infrastructure. Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 – 50 Years
Infrastructure	10 – 65 Years
Machinery and Equipment	3 – 20 Years

**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS**

The County's deposits in banks at June 30, 2008 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trust; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2008 the County had the following investments:

<u>Type</u>	<u>Maturity</u>	<u>Credit Risk</u>	<u>Fair Value</u>
Federal Home Loan Bank	12/5/2011	AAA	\$ 500,000
Federal Home Loan Bank	6/26/2015	AAA	750,000
Federal Home Loan Bank	7/3/2018	AAA	500,000
Federal Home Loan Bank	6/18/2019	AAA	498,750
U.S. Treasury Notes	Various	Not Applicable	3,588,923

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,863,818 pursuant to Rule 2a-7 under the Investment Company Act of 1940.



**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS – (CONTINUED)**

*Interest Rate Risk:* The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the County.

*Credit Risk:* The County's investments in the Federal Home Loan Bank at June 30, 2008 were rated AAA by Moody's Investors service. The investment in Iowa Public Agency Investment Trust is unrated.

*Concentration of Credit Risk:* The County's investment policy places limits on the amount that may be invested in any one issuer. At the time of purchase, no more than five (5) percent of the investment portfolio of Sioux County shall be invested in the securities of a single issuer. The County's investment in the Federal Home Loan Bank and U.S. Treasuries is not subject to concentration of credit risk as the Federal Home Loan Bank and U.S. Treasuries represent U.S. government issued debt.

**Cash and Pooled Investments**

The County pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually. The cash and pooled investments at June 30, 2008 consisted of the following:

Reconciliation to the Financial Statements:

	<u><b>Carrying Amount</b></u>
Investments	\$ 8,701,491
Demand Deposits	7,119,987
Time Deposits	5,925,000
Cash on Hand	1,000
	<u><u>21,747,478</u></u>
Unrestricted:	
Cash and Pooled Investments - Governmental Activities	16,522,478
Cash and Pooled Investments - Agency Funds	1,635,865
Restricted:	
Cash-Governmental Activities	212
Investments-Governmental Activities	3,588,923
	<u><u>\$ 21,747,478</u></u>

**NOTE 3 - NOTES RECEIVABLE**

Sioux County Revolving Loan Fund - During the year ended June 30, 1989 the Sioux County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in Sioux County. During the year ended June 30, 2008, the County made no contributions to the Sioux County Revolving Loan Fund. The County records the loan activity of this corporation in a Special Revenue Fund.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

**NOTE 3 - NOTES RECEIVABLE (CONTINUED)**

The proceeds from the businesses remain in the Sioux County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$185,116 during the year ended June 30, 2008. The loans are secured by real estate mortgages and personal guarantees of the business owners.

**Loans by the Sioux County Revolving Loan Fund are as follows:**

Loaned to	Date of Loan	Original Loan Amount	Interest Rate	Term Of Loan	Monthly Payment	Loan Balance June 30, 2008
Quality Machine Products, Inc.	March 16, 2001	\$ 9,417	6.30	5 yrs.	183	\$ 364
	November 1, 2001	9,167	6.30	5 yrs.	178	1,734
	February 28, 2002	5,216	6.30	4 yrs.	123	245
	August 23, 2002	29,167	6.30	4 yrs.	798	8,429
	March 31, 2005	5,833	6.30	5 yrs.	114	3,145
	October 6, 2006	65,000	5.064	4.5 yrs.	1,344	44,891
Link Manufacturing	March 7, 2008	200,000	5.20	6 yrs.	3,226	192,680
Revival Animal Health	January 28, 2003	100,000	3.80	7 yrs.	1,358	27,522
Midwest Enrg Flakes, Inc.	August 4, 2003	50,000	3.80	7 yrs.	679	16,917
VH Manufacturing	August 15, 2003	60,000	3.00	5 yrs.	1,078	2,148
Siouxland Fabricating	November 6, 2003	50,000	3.00	5 yrs.	898	4,459
	December 6, 2006	50,000	5.775	5 yrs.	961	36,481
Patrick Cudahy, Inc.	January 20, 2004	100,000	3.00	5 yrs.	1,797	12,453
TEC Industries, LLC	February 1, 2005	100,000	3.325	5 yrs.	1,811	35,195
Midwest Promanufacturing	April 29, 2005	50,000	3.85	5 yrs.	917	20,310
Deluxe Feeds, Inc.	July 1, 2006	65,000	4.2	6 yrs.	1,024	46,892
Harbor Group	November 16, 2006	100,000	5.904	5 yrs.	1,646	76,857
M - K Distributing	December 6, 2006	100,000	5.775	5 yrs.	1,927	76,239
		<u>\$ 1,248,800</u>				<u>\$ 606,961</u>

**NOTE 4 - INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

	Secondary Roads	Total Transfer Out
Rural Services	\$ 1,572,827	\$ 1,572,827
Nonmajor Governmental	140,649	140,649
Transfer In	<u>\$ 1,713,476</u>	<u>\$ 1,713,476</u>

Transfers were used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**SIoux COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance July 1, 2007	Additions	Deletions	Reclassifications	Balance June 30, 2008
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,044,542	\$ 680,360	\$ -	\$ -	\$ 1,724,902
Construction in Progress	144,066	322,877	144,066	-	322,877
Total capital assets not being depreciated	1,188,608	1,003,237	144,066	-	2,047,779
Capital assets being depreciated:					
Buildings	9,645,086	103,728	34,000	13,390	9,728,204
Equipment	11,250,461	411,705	346,871	(13,390)	11,301,905
Infrastructure	44,803,364	1,073,517	-	-	45,876,881
Total capital assets being depreciated	65,698,911	1,588,950	380,871	-	66,906,990
Less: Accumulated Depreciation for:					
Buildings	3,822,025	169,673	31,433	4,016	3,964,281
Equipment	6,346,260	650,017	290,655	(4,016)	6,701,606
Infrastructure	15,667,908	1,815,625	-	-	17,483,533
Total Accumulated Depreciation	25,836,193	2,635,215	322,088	-	28,149,420
Total capital assets being depreciated, net	39,862,718	(1,046,365)	58,783	-	38,757,570
Governmental activities capital assets, net	\$ 41,051,326	\$ (43,128)	\$ 202,849	\$ -	\$ 40,805,349

Depreciation expense was charged to the functions as follows:

Public Safety and Legal Services	\$ 187,033
Physical Health and Social Services	3,658
County Environment and Education	45,718
Roads and Transportation	2,244,015
Government Services to Residents	143,786
Administration	6,022
Non-Program	5,082
	<u>\$ 2,635,314</u>

**Reconciliation of Invested in Capital Assets:**

	Governmental Activities
Land	\$ 1,724,902
Construction in Progress	322,877
Capital Assets (net of accumulated depreciation)	38,757,570
Bond Issue Costs – General Obligation Bonds	67,734
Less: General Obligation Bonds Payable, Net of unspent capital debt	<u>(4,859,135)</u>
Invested in Capital Assets, Net of Related Debt	<u>\$ 36,013,948</u>

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

**NOTE 6 - LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	<b>General Obligation Bonds</b>	<b>Compensated Absences</b>	<b>Total</b>
Balance Beginning of Year	\$ 8,595,000	\$ 303,147	\$ 8,898,147
Increases	5,000,000	190,280	5,190,280
Decreases	250,000	181,888	431,888
Balance End of Year	<u>\$ 13,345,000</u>	<u>\$ 311,539</u>	<u>\$ 13,656,539</u>
Due Within One Year	<u>\$ 275,000</u>	<u>\$ 186,923</u>	<u>\$ 461,923</u>

In March 2002, the County issued \$6,000,000 General Obligation Bonds to acquire land and build, equip and furnish a Public Safety Center. These bonds have an average interest rate of 4.64% and mature May 1, 2022.

In March 2007, the County issued \$3,625,000 of General Obligation Refunding Capital Loan Notes in a crossover advance refunding of the 2002 General Obligation Bonds. The 2007 bonds have an average interest rate of 3.87% and the 2002 bonds being refunded have an average interest rate of 4.64%. The net proceeds from this issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of June 30, 2008 the amount in escrow was \$3,589,135. This amount will be used to refund the remaining \$3,570,000 of the 2002 bonds on May 1, 2012 when these notes become callable. The assets deposited with the escrow agent are shown as a restricted asset in the County's Debt Service Fund. As a result of this refunding the County will reduce its debt service payments over the next fifteen years by \$133,095, and obtain an economic gain of \$81,327.

In March 2008, the County authorized the issuance of \$5,000,000 General Obligation Capital Loan Notes for the purpose of paying costs of aiding in the planning, undertaking and carrying out of the Urban Renewal District 1 Project Area project, including road improvements. These bonds have an average interest rate of 3.73% and mature June 1, 2027.

Annual debt service requirements to maturity are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 275,000	\$ 597,011	\$ 872,011
2010	485,000	536,891	1,021,891
2011	505,000	517,908	1,022,908
2012	4,095,000	498,841	4,593,841
2013	575,000	311,625	886,625
2014-2018	3,220,000	1,219,158	4,439,158
2019-2023	2,775,000	584,580	3,359,580
2024-2027	1,415,000	156,375	1,571,375
	<u>\$ 13,345,000</u>	<u>\$ 4,422,389</u>	<u>\$ 17,767,389</u>

\$3,640,941 is available in the Debt Service Fund to service the General Obligation Bonds. The general obligation bonds are to be retired through property tax levies.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 7 - PENSION AND RETIREMENT**

Iowa Public Employees Retirement System - The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of annual covered salary for the year ended June 30, 2008. Plan members were required to contribute 3.70% of annual covered salary and the County was required to contribute 5.75% of annual covered salary for the years ended June 30, 2007 and 2006. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$309,928, \$285,611, and \$274,699, respectively, equal to the required contributions for each year.

**NOTE 8 - RISK MANAGEMENT**

Sioux County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2008 were \$269,811.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

**SIOUX COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 8 - RISK MANAGEMENT (CONTINUED)**

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

**NOTE 9 - CONTINGENCY**

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2008, the County estimates that no material liabilities will result from such audits.

The County is a defendant in a number of lawsuits in its normal course of operations. The outcome of these lawsuits is not presently determinable and an estimate of possible losses cannot be made.

**NOTE 10 - CONSTRUCTION COMMITMENT**

The County has entered into several construction contracts totaling \$2,635,624 for bridge and culvert construction and roadway paving. As of June 30, 2008, \$167,023 had been incurred against the contracts. The balance of \$2,468,601 will be paid as work on the projects progress.

**NOTE 11 - FUND BALANCE DESIGNATIONS**

The Board had originally designated \$300,000 of the Rural Services Fund Balance, including all interest earned on the original designation to be used to assist cities in the purchase of new ambulances. The balance remaining of the designation at June 30, 2008 is \$265,162.

This designation is included in unreserved fund balances in the government-wide financial statements and in the applicable fund financial statements.

**SIoux COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 12 - CONDUIT DEBT OBLIGATIONS**

The County has issued Senior Housing Revenue Bonds to provide financial assistance to a non-profit corporation for the acquisition, construction, and equipping of assisted and independent housing for seniors deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the non-profit corporation. Neither the County, the State, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The Senior Housing Revenue Bonds were refinanced and paid off in November 2007 with new bonds issued through the City of Sioux Center. The County has no conduit debt as of June 30, 2008.

**NOTE 13 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN**

The Sioux County Partially Self-Funded (PSF) Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with TPA, Ltd. The agreement is subject to automatic renewal provisions. The County assumes liability for out-of-pocket maximums of \$1,300 for single individuals and \$2,600 for family coverage.

Monthly payments of service fees and plan contributions to the Sioux County PSF Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Sioux County PSF Health Insurance Fund. The County records the plan assets and related liabilities of the Sioux County PSF Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2008 was \$112,252.

Amounts payable from the PSF Health Insurance Fund at June 30, 2008 total \$4,620 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 7,093	\$ 10,906
Incurred claims (including IBNR's)	69,463	35,751
Claim Payments	(71,936)	(39,564)
Unpaid claims, end of year	<u>\$ 4,620</u>	<u>\$ 7,093</u>

**NOTE 14 - GUARANTEED DEBT**

Sioux County is a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency. Sioux County has provided a Local Government Guarantee as specified in IAC 567-111.6(8) for the Agency. The current closure and/or postclosure cost estimates being assured through the Local Government Guarantee by Sioux County are as follows:

Closure cost to be assured:	\$ 14,528
Postclosure cost to be assured:	\$222,472

## REQUIRED SUPPLEMENTARY INFORMATION



**SIOUX COUNTY, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL - ALL GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenue:				
Property and other county taxes	\$ 7,876,781	\$ 7,876,781	\$ 8,302,455	\$ 425,674
Interest and penalties on taxes	10,000	10,000	1,332	(8,668)
Intergovernmental	8,048,831	8,048,831	8,286,321	237,490
Licenses and permits	4,250	4,250	8,735	4,485
Charges for services	649,605	649,605	789,276	139,671
Use of money and property	333,600	333,600	1,008,277	674,677
Miscellaneous	208,715	208,715	422,568	213,853
Total Revenue	17,131,782	17,131,782	18,818,964	1,687,182
Expenditures:				
Current operating:				
Public safety and legal services	3,363,821	3,363,821	3,312,328	51,493
Physical health and social services	2,206,907	2,206,907	1,753,444	453,463
Mental Health	2,707,193	2,707,193	2,462,722	244,471
County environment and education	817,702	817,702	809,014	8,688
Roads and transportation	5,457,100	5,457,100	5,236,061	221,039
Government services to residents	761,760	761,760	843,545	(81,785)
Administration	1,901,487	1,901,487	1,637,960	263,527
Non-program services	48,700	48,700	43,984	4,716
Debt service	478,487	478,487	715,926	(237,439)
Capital projects	2,431,750	2,431,750	1,039,884	1,391,866
Total Expenditures	20,174,907	20,174,907	17,854,868	2,320,039
Excess (Deficiency) of revenues over expenditures:	(3,043,125)	(3,043,125)	964,096	4,007,221
Other financing sources (uses):				
Transfers in	1,713,476	1,713,476	1,727,833	14,357
Transfers out	(1,713,476)	(1,713,476)	(1,727,833)	(14,357)
Issuance of bonds	-	-	5,000,000	5,000,000
Premium on Issuance of Bonds			17,147	17,147
Proceeds of Fixed Asset Sales	1,000	1,000	14,357	13,357
Total other financing sources (uses)	1,000	1,000	5,031,504	5,030,504
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (3,042,125)	\$ (3,042,125)	5,995,600	\$ 9,037,725
Balance beginning of year			13,926,457	
Balance end of year			\$ 19,922,057	

**SIOUX COUNTY, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2008**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. The County had no budget amendments during the year ended June 30, 2008.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During fiscal year 2008, disbursements exceeded the amounts budgeted in the government services to residents and the debt service functions.

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2007-08 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

<b>Governmental Funds</b>			
	<b>Cash Basis</b>	<b>Total Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 18,818,965	\$ 75,300	\$ 18,894,265
Expenditures	17,854,868	78,736	17,959,751
Net	964,097	(3,436)	960,661
Other Financing Sources (Uses)	5,031,503	(31,503)	5,017,147
Beginning Fund Balance, as Restated	13,926,457	2,217,267	16,143,724
Increase in Reserve for Inventory	-	391,590	391,590
Ending Fund Balance	\$ 19,922,057	\$ 2,573,918	\$ 22,495,975

## OTHER SUPPLEMENTARY INFORMATION

**SIOUX COUNTY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2008**

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
<b>Assets</b>				
Cash and Pooled Investments	\$ 41,744	\$ 136,748	\$ 987,574	\$ 10,759
Receivables:				
Future Property Tax				
Accrued Interest			7,087	
Notes			606,961	
Due from Other Governmental Agencies				
Prepaid Expenses				
<b>Total Assets</b>	<u>41,744</u>	<u>136,748</u>	<u>1,601,622</u>	<u>10,759</u>
<b>Liabilities and Equity</b>				
<b>Liabilities:</b>				
Accounts Payable	2,725			
Deferred Revenue - Future Property Tax				
<b>Total Liabilities</b>	<u>2,725</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Reserved for:				
Long-term notes			606,961	
Prepaid Expenses				
Unreserved for:				
Special Revenue Fund	39,019	136,748	994,661	10,759
<b>Total Fund Balances</b>	<u>39,019</u>	<u>136,748</u>	<u>1,601,622</u>	<u>10,759</u>
<b>Total Liabilities and Equity</b>	<u>\$ 41,744</u>	<u>\$ 136,748</u>	<u>\$ 1,601,622</u>	<u>\$ 10,759</u>

Special Revenue Funds				
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Urban Renewal District #1	Total
\$ 2,169	\$ 24,738	\$ 162,020	\$ 1,674	\$ 1,367,426
			192,819	192,819
				7,087
				606,961
2,521				2,521
		15,210		15,210
4,690	24,738	177,230	194,493	2,192,024
	5,041	508		8,274
			192,819	192,819
-	5,041	508	192,819	201,093
				606,961
		15,210		15,210
4,690	19,697	161,512	1,674	1,368,760
4,690	19,697	176,722	1,674	1,990,931
\$ 4,690	\$ 24,738	\$ 177,230	\$ 194,493	\$ 2,192,024

**SIOUX COUNTY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2008**

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
Revenue:				
Property and other county taxes				\$ 9,049
Intergovernmental				
Charges for services	\$ 8,230		\$ 50	
Use of money and property	1,315	\$ 4,362	67,537	34
Miscellaneous			1,335	1,029
Total Revenue	9,545	4,362	68,922	10,112
Expenditures:				
Current operating:				
Public safety and legal services				354
County environment and education				
Government services to residents	3,413		720	
Capital projects				
Total Expenditures	3,413	-	720	354
Excess (Deficiency) of revenues over expenditures	6,132	4,362	68,202	9,758
Other financing sources (uses):				
Transfers (out)				
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	6,132	4,362	68,202	9,758
Fund balances - beginning of year	32,887	132,386	1,533,420	1,001
Fund balances - end of year	\$ 39,019	\$ 136,748	\$ 1,601,622	\$ 10,759

Special Revenue Funds				
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Urban Renewal District #1	Total
			\$ 135,083	\$ 135,083
	\$ 24,157		3,762	36,968
		\$ 34,764		43,044
\$ 93	2,146	10,864	1,940	88,291
3,842		2,500		8,706
3,935	26,303	48,128	140,785	312,092
2,069				2,423
	72,964			72,964
				4,133
		171,270		171,270
2,069	72,964	171,270	-	250,790
1,866	(46,661)	(123,142)	140,785	61,302
			(140,649)	(140,649)
-	-	-	(140,649)	(140,649)
1,866	(46,661)	(123,142)	136	(79,347)
2,824	66,358	299,864	1,538	2,070,278
\$ 4,690	\$ 19,697	\$ 176,722	\$ 1,674	\$ 1,990,931

**SIOUX COUNTY, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
**Agency Funds**  
**For the Year Ended June 30, 2008**

	County Recorder	County Sheriff	Agricultural Extension	County Assessor
<b>ASSETS</b>				
Cash and Pooled Investments		\$ 298,579	\$ 1,941	\$ 72,837
Receivables:				
Property Tax			111	244
Future Property Tax			182,995	382,317
Accounts	\$ 211			
Assessments				
Due from Other Governments				
Total Assets	211	298,579	185,047	455,398
<b>LIABILITIES</b>				
Accounts Payable		3,493		415
Due to Other Governments	211	295,086	185,047	431,236
Salaries and Benefits Payable				7,870
Compensated Absences				15,877
Total Liabilities	\$ 211	\$ 298,579	\$ 185,047	\$ 455,398



Schools	Area Schools	Corporations	Townships	City Special Assessments	Auto License and Use Tax
\$ 161,017	\$ 7,548	\$ 59,816	\$ 3,628	\$ 3,776	\$ 665,182
9,348	430	8,620	44		
15,450,360	743,400	12,491,837	277,727		
				70,059	
15,620,725	751,378	12,560,273	281,399	73,835	665,182
15,620,725	751,378	12,560,273	281,399	73,835	665,182
\$ 15,620,725	\$ 751,378	\$ 12,560,273	\$ 281,399	\$ 73,835	\$ 665,182

(continued)

**SIOUX COUNTY, IOWA**  
**COMBINING STATEMENT OF NET ASSETS - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2008**

	<b>Tax In Advance</b>	<b>Emergency Management Services</b>	<b>Brucellosis and Tuberculosis Eradication</b>	<b>Public Safety Agency</b>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 86,367	\$ 30,801	\$ 554	\$ 63,553
Receivables:				
Property Tax				
Future Property Tax			3,613	
Accounts				
Assessments				
Due from Other Governments		15,219		
Total Assets	<u>86,367</u>	<u>46,020</u>	<u>4,167</u>	<u>63,553</u>
<b>LIABILITIES</b>				
Accounts Payable		1,799		188
Due to Other Governments	86,367	41,667	4,167	37,222
Salaries and Benefits Payable		1,754		9,774
Compensated Absences		800		16,369
Total Liabilities	<u>\$ 86,367</u>	<u>\$ 46,020</u>	<u>\$ 4,167</u>	<u>\$ 63,553</u>

Disposal Agency	E-911	Treasurer's Trust Fund	Recorder E-Commerce	Flexible Benefits	Total
\$ 29,734	\$ 149,775		\$ 757		\$ 1,635,865
					18,797
					29,532,249
	24,434			\$ 7,827	32,472
					70,059
	10,144				25,363
29,734	184,353	-	757	7,827	31,314,805
	65				5,960
29,734	184,288		757	7,827	31,256,401
					19,398
					33,046
\$ 29,734	\$ 184,353	\$ -	\$ 757	\$ 7,827	\$ 31,314,805

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Addi- tions	Deduc- tions	Balance June 30, 2008
<b>County Recorder</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 648,958	\$ 648,958	\$ -
Accounts Receivable	417	211	417	211
Total Assets	<u>417</u>	<u>649,169</u>	<u>649,375</u>	<u>211</u>
<u>Liabilities</u>				
Due to Other Governments	417	649,169	649,375	211
Total Liabilities	<u>417</u>	<u>649,169</u>	<u>649,375</u>	<u>211</u>
<b>County Sheriff</b>				
<u>Assets</u>				
Cash and Pooled Investments	59,112	1,498,403	1,258,936	298,579
Total Assets	<u>59,112</u>	<u>1,498,403</u>	<u>1,258,936</u>	<u>298,579</u>
<u>Liabilities</u>				
Accounts Payable	1,709	3,493	1,709	3,493
Due to Other Governments	57,403	1,494,910	1,257,227	295,086
Total Liabilities	<u>59,112</u>	<u>1,498,403</u>	<u>1,258,936</u>	<u>298,579</u>
<b>Agricultural Extension Education</b>				
<u>Assets</u>				
Cash and Pooled Investments	1,856	177,234	177,149	1,941
Property Tax Receivable	64	111	64	111
Future Property Tax	176,992	182,995	176,992	182,995
Total Assets	<u>178,912</u>	<u>360,340</u>	<u>354,205</u>	<u>185,047</u>
<u>Liabilities</u>				
Due to Other Governments	178,912	360,340	354,205	185,047
Total Liabilities	<u>178,912</u>	<u>360,340</u>	<u>354,205</u>	<u>185,047</u>
<b>County Assessor</b>				
<u>Assets</u>				
Cash and Pooled Investments	211,309	393,078	531,550	72,837
Property Tax Receivable	133	244	133	244
Future Property Tax	390,004	382,317	390,004	382,317
Total Asset	<u>601,446</u>	<u>775,639</u>	<u>921,687</u>	<u>455,398</u>
<u>Liabilities</u>				
Accounts Payable	259	415	259	415
Due to Other Governments	584,091	751,477	904,332	431,236
Salaries and Benefits Payable	-	7,870	-	7,870
Compensated Absences	17,096	15,877	17,096	15,877
Total Liabilities	<u>\$ 601,446</u>	<u>\$ 775,639</u>	<u>\$ 921,687</u>	<u>\$ 455,398</u>

(Continued)

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Addi- tions	Deduc- tions	Balance June 30, 2008
<b>Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 153,879	\$ 14,782,589	\$ 14,775,451	\$ 161,017
Property Tax Receivable	5,440	9,348	5,440	9,348
Future Property Tax	14,756,985	15,450,360	14,756,985	15,450,360
Total Assets	<u>14,916,304</u>	<u>30,242,297</u>	<u>29,537,876</u>	<u>15,620,725</u>
<u>Liabilities</u>				
Due to Other Governments	<u>14,916,304</u>	<u>30,242,297</u>	<u>29,537,876</u>	<u>15,620,725</u>
Total Liabilities	<u>14,916,304</u>	<u>30,242,297</u>	<u>29,537,876</u>	<u>15,620,725</u>
<b>Area Schools</b>				
<u>Assets</u>				
Cash and Pooled Investments	7,217	730,516	730,185	7,548
Property Tax Receivable	249	430	249	430
Future Property Tax	729,575	743,400	729,575	743,400
Total Assets	<u>737,041</u>	<u>1,474,346</u>	<u>1,460,009</u>	<u>751,378</u>
<u>Liabilities</u>				
Due to Other Governments	<u>737,041</u>	<u>1,474,346</u>	<u>1,460,009</u>	<u>751,378</u>
Total Liabilities	<u>737,041</u>	<u>1,474,346</u>	<u>1,460,009</u>	<u>751,378</u>
<b>Corporations</b>				
<u>Assets</u>				
Cash and Pooled Investments	53,741	11,320,571	11,314,496	59,816
Property Tax Receivable	11,386	8,620	11,386	8,620
Future Property Tax	11,298,830	12,491,837	11,298,830	12,491,837
Total Assets	<u>11,363,957</u>	<u>23,821,028</u>	<u>22,624,712</u>	<u>12,560,273</u>
<u>Liabilities</u>				
Due to Other Governments	<u>11,363,957</u>	<u>23,821,028</u>	<u>22,624,712</u>	<u>12,560,273</u>
Total Liabilities	<u>11,363,957</u>	<u>23,821,028</u>	<u>22,624,712</u>	<u>12,560,273</u>
<b>Townships</b>				
<u>Assets</u>				
Cash and Pooled Investments	3,283	267,093	266,748	3,628
Property Tax Receivable	37	44	37	44
Future Property Tax	267,200	277,727	267,200	277,727
Total Assets	<u>270,520</u>	<u>544,864</u>	<u>533,985</u>	<u>281,399</u>
<u>Liabilities</u>				
Due to Other Governments	<u>270,520</u>	<u>544,864</u>	<u>533,985</u>	<u>281,399</u>
Total Liabilities	<u>\$ 270,520</u>	<u>\$ 544,864</u>	<u>\$ 533,985</u>	<u>\$ 281,399</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Addi- tions	Deduc- tions	Balance June 30, 2008
<b>City Special Assessments</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 2,724	\$ 130,050	\$ 128,998	\$ 3,776
Assessments Receivable	83,872	70,059	83,872	70,059
Total Assets	<u>86,596</u>	<u>200,109</u>	<u>212,870</u>	<u>73,835</u>
<u>Liabilities</u>				
Due to Other Governments	86,596	200,109	212,870	73,835
Total Liabilities	<u>86,596</u>	<u>200,109</u>	<u>212,870</u>	<u>73,835</u>
<b>Auto License and Use Tax</b>				
<u>Assets</u>				
Cash and Pooled Investments	692,029	7,638,364	7,665,211	665,182
Total Assets	<u>692,029</u>	<u>7,638,364</u>	<u>7,665,211</u>	<u>665,182</u>
<u>Liabilities</u>				
Due to Other Governments	692,029	7,638,364	7,665,211	665,182
Total Liabilities	<u>692,029</u>	<u>7,638,364</u>	<u>7,665,211</u>	<u>665,182</u>
<b>Tax In Advance</b>				
<u>Assets</u>				
Cash and Pooled Investments	58,978	27,389	-	86,367
Total Assets	<u>58,978</u>	<u>27,389</u>	<u>-</u>	<u>86,367</u>
<u>Liabilities</u>				
Due to Other Governments	58,978	27,389	-	86,367
Total Liabilities	<u>58,978</u>	<u>27,389</u>	<u>-</u>	<u>86,367</u>
<b>Emergency Management Services</b>				
<u>Assets</u>				
Cash and Pooled Investments	10,674	147,831	127,704	30,801
Due from Other Governments	4,242	15,219	4,242	15,219
Total Assets	<u>14,916</u>	<u>163,050</u>	<u>131,946</u>	<u>46,020</u>
<u>Liabilities</u>				
Accounts Payable	1,749	1,799	1,749	1,799
Salaries and Benefits Payable	-	1,754	-	1,754
Due to Other Governments	13,167	158,697	130,197	41,667
Compensated Absences	-	800	-	800
Total Liabilities	<u>\$ 14,916</u>	<u>\$ 163,050</u>	<u>\$ 131,946</u>	<u>\$ 46,020</u>

(continued)

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Addi- tions	Deduc- tions	Balance June 30, 2008
<b>Brucellosis and Tuberculosis Eradication</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 252	\$ 4,358	\$ 4,056	\$ 554
Property Tax Receivable	1	-	1	-
Future Property Tax	3,580	3,613	3,580	3,613
Total Assets	<u>3,833</u>	<u>7,971</u>	<u>7,637</u>	<u>4,167</u>
<u>Liabilities</u>				
Due to Other Governments	3,833	7,971	7,637	4,167
Total Liabilities	<u>3,833</u>	<u>7,971</u>	<u>7,637</u>	<u>4,167</u>
<b>Public Safety Agency</b>				
<u>Assets</u>				
Cash and Pooled Investments	86,429	309,233	332,109	63,553
Total Assets	<u>86,429</u>	<u>309,233</u>	<u>332,109</u>	<u>63,553</u>
<u>Liabilities</u>				
Accounts Payable	252	188	252	188
Salaries and Benefits Payable	10,828	9,774	10,828	9,774
Due to Other Governments	62,918	282,902	308,598	37,222
Compensated Absences	12,431	16,369	12,431	16,369
Total Liabilities	<u>86,429</u>	<u>309,233</u>	<u>332,109</u>	<u>63,553</u>
<b>Disposal Agency</b>				
<u>Assets</u>				
Cash and Pooled Investments	29,734	-	-	29,734
Total Assets	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<u>Liabilities</u>				
Due to Other Governments	29,734	-	-	29,734
Total Liabilities	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<b>E-911</b>				
<u>Assets</u>				
Cash and Pooled Investments	88,609	146,514	85,348	149,775
Accounts Receivable	24,858	24,434	24,858	24,434
Due from Other Governments	13,070	10,144	13,070	10,144
Total Assets	<u>126,537</u>	<u>181,092</u>	<u>123,276</u>	<u>184,353</u>
<u>Liabilities</u>				
Accounts Payable	1,079	65	1,079	65
Due to Other Governments	125,458	181,027	122,197	184,288
Total Liabilities	<u>\$ 126,537</u>	<u>\$ 181,092</u>	<u>\$ 123,276</u>	<u>\$ 184,353</u>

(Continued)

**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Addi- tions	Deduc- tions	Balance June 30, 2008
<b>Treasurer's Trust Fund</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 205,384	\$ 205,384	\$ -
Total Assets	-	205,384	205,384	-
<u>Liabilities</u>				
Due to Other Governments	-	205,384	205,384	-
Total Liabilities	-	205,384	205,384	-
<b>Recorder E-Commerce</b>				
<u>Assets</u>				
Cash and Pooled Investments	1,320	7,464	8,027	757
Total Assets	1,320	7,464	8,027	757
<u>Liabilities</u>				
Due to Other Governments	1,320	7,464	8,027	757
Total Liabilities	1,320	7,464	8,027	757
<b>Flexible Benefits</b>				
<u>Assets</u>				
Cash and Pooled Investments	35,983	41,315	77,298	-
Accounts Receivable	-	7,827	-	7,827
Total Assets	35,983	49,142	77,298	7,827
<u>Liabilities</u>				
Accounts Payable	627	41,315	41,942	-
Due to Other Governments	35,356	7,827	35,356	7,827
Total Liabilities	\$ 35,983	\$ 49,142	\$ 77,298	\$ 7,827

(Continued)



**SIOUX COUNTY, IOWA**  
**Combining Statement of Changes in Assets and Liabilities - (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2008**

	Balance July 1, 2007	Addi- tions	Deduc- tions	Balance June 30, 2008
<b>Total All Agency Funds</b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 1,497,129	\$ 38,476,344	\$ 38,337,608	\$ 1,635,865
Receivables:				
Property Tax	17,310	18,797	17,310	18,797
Future Property Tax	27,623,166	29,532,249	27,623,166	29,532,249
Accounts	25,275	32,472	25,275	32,472
Assessments	83,872	70,059	83,872	70,059
Due from Other Governments	17,312	25,363	17,312	25,363
<b>Total Assets</b>	<u>29,264,064</u>	<u>68,155,284</u>	<u>66,104,543</u>	<u>31,314,805</u>
<u>Liabilities</u>				
Accounts Payable	5,675	47,275	46,990	5,960
Due to Other Governments	29,218,034	68,055,565	66,017,198	31,256,401
Salaries and Benefits Payable	10,828	19,398	10,828	19,398
Compensated Absences	29,527	33,046	29,527	33,046
<b>Total Liabilities</b>	<u>\$ 29,264,064</u>	<u>\$ 68,155,284</u>	<u>\$ 66,104,543</u>	<u>\$ 31,314,805</u>

**SIOUX COUNTY, IOWA**

**Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds  
For the Years Ended June 30, 2008, 2007, 2006, 2005**

	Modified Accrual Basis of Accounting			
	2008	2007	2006	2005
Revenue:				
Property and other county tax	\$ 8,263,411	\$ 8,057,588	\$ 7,644,707	\$ 6,143,980
Interest and penalty on property tax	42,897	36,091	37,104	33,112
Intergovernmental	8,489,666	7,730,963	7,901,142	7,713,338
Licenses and permits	8,620	6,765	6,055	5,175
Charges for services	764,009	742,796	699,440	777,224
Use of money and property	877,259	735,537	518,913	323,391
Miscellaneous	448,403	329,028	286,407	210,448
Total Revenue	18,894,265	17,638,768	17,093,768	15,206,668
Expenditures:				
Current operating:				
Public safety and legal services	3,299,671	3,219,043	3,126,912	3,147,273
Physical health and social services	1,796,148	1,626,213	1,042,077	990,082
Mental health	2,512,673	2,498,244	2,260,765	2,170,728
County environment and education	828,358	691,064	692,525	623,028
Roads and transportation	5,367,095	4,228,892	4,526,135	3,962,119
Government services to residents	653,742	678,940	879,206	842,863
Administration	1,658,726	1,535,609	1,580,779	1,525,308
Non-program services	34,327	30,618	24,175	19,498
Capital projects	1,084,084	2,040,586	1,495,322	1,756,346
Debt service	715,927	509,805	474,141	473,816
Total	\$ 17,950,751	\$ 17,059,014	\$ 16,102,037	\$ 15,511,061

**SIOUX COUNTY, IOWA**  
**Schedule of Expenditures of Federal Awards (Cash Basis)**  
**For the Year Ended June 30, 2008**

	CFDA Number	Agency or Pass-Through Number	Program Disburse- ments
<b>Indirect:</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		\$ 10,094
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Iowa Department of Justice:			
Crime Victim Assistance	16.575		19,120
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO84(118)-8J-84	213,730 *
		BROS-CO84(123)-8J-84	174,336 *
Iowa Department of Public Safety:			
Safety Incentive Grant for Use of Seat Belts	20.604		4,450
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		10,775
Child Support Enforcement	93.563		454
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		2,643
Foster Care - Title IV-E	93.658		6,343
Adoption Assistance	93.659		1,521
State Children's Insurance Program	93.767		89
Medical Assistance Program	93.778		13,742
Social Services Block Grant	93.667		7,067
Temporary Assistance for Needy Families	93.558		63,922
Social Services Block Grant	93.667		86,899
Iowa Department of Public Health:			
National Bioterrorism Hospital Preparedness Program	93.889	5888EM78	9,077
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Iowa Department of Public Defense; Iowa Homeland			
Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042		25,030
Total Expenditures of Federal Awards			<u>\$649,292</u>

**Note 1 - Basis of Presentation** - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sioux County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**SIOUX COUNTY, IOWA  
Schedule of Findings  
For the Year Ended June 30, 2008**

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**Part I: Summary of the Independent Auditor's Results**

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, which was considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed a finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Sioux County, Iowa, did not qualify as a low-risk auditee.
- (i) The major program identified on the Schedule of Expenditures of Federal Awards was:

<u>CFDA #</u>	<u>Program Name</u>
20.205	Highway Planning and Construction

**Part II: Findings Related to the Financial Statements Reported in Accordance with Government Audit Standards**

**INSTANCES OF NON COMPLIANCE:**

No matters were reported.

There were no prior year audit findings.

**SIGNIFICANT DEFICIENCIES:**

**II-A-08 Financial Reporting**

Comment – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the County's financial statements.

SIOUX COUNTY, IOWA  
Schedule of Findings  
For the Year Ended June 30, 2008

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**Part II: Findings Related to the Financial Statements Reported in Accordance with Government Audit Standards – (Continued)**

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

**Part III: Findings Related to Federal Expenditures**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported

**SIGNIFICANT DEFICIENCIES:**

**III-A-08 Grant Administration**

Observation – The County does not have an individual in place to monitor the various grants received by the County and the current system in place is insufficient to provide the required information and to ensure compliance with applicable laws, regulations, contracts, and grant agreements.

Recommendation – The County should assign an individual to be responsible for grant administration including internal accounting and external reporting to ensure both timely reimbursement and compliance with applicable laws, regulations, contracts, and grant agreements.

Response – The County understands the nature of the weakness and will strive to improve grant administration.

Conclusion – Response accepted.

**Part IV: Other Findings Related to Required Statutory Reporting**

**IV-A-08 Certified Budget** – Disbursements for the year ended June 30, 2008 exceeded the amounts budgeted in the government service to residents and the debt service function.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required in the future.

Conclusion – Response accepted.

**IV-B-08 Questionable Expenses** – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

**IV-C-08 Travel Expenses** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

SIOUX COUNTY, IOWA  
Schedule of Findings  
For the Year Ended June 30, 2008

**Part IV: Other Findings Related to Required Statutory Reporting – (Continued)**

- IV-D-08** Business Transactions – Business Transactions between the County and County officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Micah Van Maanen, Employee Father is part-owner of VanMaanen's Radio Shack	Computer Equipment and Supplies	\$ 20,107

This transaction may represent a conflict of interest and the County should contact legal council for determination.

- IV-E-08** Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

- IV-F-08** Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

- IV-G-08** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2008 for the County Extension Office did not exceed the amount budgeted.

- IV-H-08** Resource Enhancement and Protection Certification – The County properly dedicated enough property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- IV-I-08** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
Sioux County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SIOUX COUNTY, IOWA as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated February 11, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Compliance:***

As part of obtaining reasonable assurance about whether Sioux County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

***Internal Control Over Financial Reporting:***

In planning and performing our audit, we considered Sioux County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sioux County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sioux County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control

deficiencies, that adversely effects Sioux County, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Sioux County, Iowa's financial statements that is more than inconsequential will not be prevented or detected by Sioux County, Iowa's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-08 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Sioux County, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Sioux County, Iowa's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's response, we did not audit the Sioux County, Iowa's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the Board of Supervisors, employees and citizens of Sioux County and other parties to whom Sioux County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sioux County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

  
Certified Public Accountants

Le Mars, Iowa  
February 11, 2009



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors  
Sioux County, Iowa:

***Compliance:***

We have audited the compliance of SIOUX COUNTY, IOWA (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Sioux County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sioux County's, management. Our responsibility is to express an opinion on Sioux County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sioux County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Sioux County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

***Internal Control Over Compliance:***

The management of Sioux County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sioux County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sioux County, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item III-A-08 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. The significant deficiency noted on the schedule of findings and questioned costs as item III-A-08 is considered to be a material weakness.

Sioux County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Sioux County's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the Board of Supervisor's, employers, and citizens of Sioux County and other parties whom Sioux County may report including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants

Le Mars, Iowa  
February 11, 2009